

Message Text

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ACTION EB-11

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FM AMEMBASSY ATHENS

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SUBJECT: BALANCE OF PAYMENTS EVOLUTIONS DURING JANUARY -
APRIL 1974

REF: (A) ATHENS 3307; (B) ATHENS A-140; (C) CERP 0102

1. THE MINISTRY OF COORDINATION AND PROGRAMMING RELEASED
PRESS STATEMENT ON JUNE 2, 1974, WHICH SOUGHT TO PLACE CURRENT
BALANCE OF PAYMENTS EVOLUTIONS IN MOST FAVORABLE LIGHT
POSSIBLE.

2. STATEMENT POINTS PARTICULARLY TO IMPROVED PERFORMANCE IN
IMPORTS, CITING FIGURES WHICH INDICATE IMPORT INCREASE MARCH
1974 OVER MARCH 1973 OF 34.7 PERCENT, AND FOR APRIL 1974
COMPARED APRIL 1973 OF 18.1 PERCENT. RELEASE SHOWS EXPORT
RISE OF 45 PERCENT IN FEBRUARY, 41 PERCENT IN MARCH AND 61
PERCENT DURING APRIL COMPARED TO SAME MONTHS IN 1973. MERCHANDISE
DEFICIT DURING APRIL 1974 WAS \$191 MILLION, COMPARED WITH
APRIL 1973 DEFICIT OF \$196 MILLION. INVISIBLE EARNINGS
DURING APRIL 1974 ROSE BY 26 PERCENT OVER THE SAME MONTH IN 1973.
THE CURRENT ACCOUNT DEFICIT WAS \$73 MILLION, COMPARED WITH
\$104 MILLION IN APRIL 1973. OFFICIAL ASSETS DURING APRIL 1974
REGISTERED AN INCREASE OF ABOUT \$8 MILLION.

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3. EMBASSY BELIEVES THAT THE FOLLOWING DATA FOR JAN-APRIL 1974 COMPARED WITH SAME PERIOD 1973 PRESENT MORE BALANCED VIEW THAN THAT OF PRESS RELEASE. BASED ON BANK OF GREECE PRELIMINARY DATA, DURING JANUARY-APRIL TOTAL IMPORTS ROSE OVER THE SAME PERIOD OF 1973 45.6 PERCENT TO \$1532 MILLION, WHILE EXPORTS INCREASED 43.2 PERCENT TO \$530 MILLION. MERCHANDISE DEFICIT WIDENED 46.9 PERCENT TO \$1,002 MILLION. NET SERVICES AND DONATIONS INCREASED 17.3 PERCENT TO \$405 MILLION. THUS CURRENT ACCOUNT DEFICIT FOR JANUARY-APRIL 1974 PERIOD (BEFORE ADJUSTMENTS MADE BY BANK OF GREECE FOR WITHDRAWALS IN LOCAL CURRENCY OF PRIVATE FOREIGN EXCHANGE DEPOSITS) AMOUNTED TO \$97 MILLION, 77.2 PERCENT HIGHER THAN IN FIRST FOUR MONTHS OF 1973. NET CAPITAL INFLOW INCREASED TO \$575.8 MILLION (A 79 PERCENT INCREASE DUE ALMOST ENTIRELY TO INCREASED BORROWING BY BANK OF GREECE). ERRORS AND OMISSIONS AMOUNTED TO AN EXTREMELY HIGH AND UNEXPLAINED \$88 MILLION ON THE EXPENDITURES SIDE FOR THE PERIOD. OFFICIAL ASSETS IN GOLD AND CONVERTIBLE CURRENCIES DECLINED BY \$93 MILLION DURING JANUARY-APRIL 1974 AND AMOUNTED TO \$924 MILLION AT THE END OF APRIL. NON-CONVERTIBLE AND CLEARING BALANCES DURING THE FIRST FOUR MONTHS OF 1974 DROPPED BY \$16 MILLION.

4. A MORE DETAILED STATISTICAL PRESENTATION FOR THE FIRST FOUR MONTHS WILL FOLLOW UNDER COVER OF AIRGRAM.

5. COMMENT: ONCE AGAIN GOG HAS ATTEMPTED TO PORTRAY ECONOMIC SITUATION IN MOST POSITIVE TERMS POSSIBLE. TRADE BALANCE DATA FOR JAN - APRIL DO SEEM TO REFLECT SOME PROGRESS IN EFFORT MINIMIZE IMPORTS. RECENT PORTER-NARCO PRICING PROBLEMS (SEE REF A) ILLUSTRATES GOG POSITION ON SQUEEZING MAXIMUM REVENUE OUT OF EXPORTABLES.
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